

**Illinois Department of Revenue
Regulations**

Title 86 Part 100 Section 100.7060 Additional Withholding (IITA Section 701)

TITLE 86: REVENUE

**PART 100
INCOME TAX**

Section 100.7060 Additional Withholding (IITA Section 701)

- a) General rule. If an employee has other income subject to the Illinois income tax in addition to compensation subject to withholding, he may wish to increase his withholding in order to avoid the necessity of being required to file a declaration of estimated tax. (See IITA Section 801 and the regulations thereunder.) In addition to the tax required to be deducted and withheld in accordance with IITA Section 701, an employer and employee may agree that an additional amount shall be withheld from the employee's wages.
- b) Written agreement required. The agreement to withhold an additional amount shall be in writing and shall be in such form as the employer may prescribe. The agreement shall be effective for such period as the employer and employee mutually agree upon. However, unless the agreement provides for an earlier termination, either the employer or the employee, by furnishing a written notice to the other, may terminate the agreement effective with respect to the first payment of wages made on or after the first status determination date (January 1 and July 1 of each year) which occurs at least 30 days after the date on which such notice is furnished.
- c) Liability for additional withholding. The amount deducted and withheld pursuant to an agreement between the employer and the employee shall be considered as tax required to be deducted and withheld under IITA Section 701. All provisions of the Act and regulations applicable with respect to the tax required to be deducted and withheld under Article 7 shall be applicable with respect to any amount deducted and withheld pursuant to the agreement.
- d) Examples. 86 Ill. Adm. Code 100.7060 may be illustrated by the following examples:
 - 1) Example 1: Taxpayer B, a resident of Illinois, earns a salary of \$20,000. He also receives income of \$10,000 from his chicken farm in Texas and \$8,000 from a gold mine in Alaska. The income from the chicken farm and the gold mine is taxable in Illinois since B is an Illinois resident. If B so desires, he may request his employer to withhold that amount for each payroll period which, for the entire taxable year, would reasonably be expected to approximate his total Illinois income tax liability for that year and would obviate the necessity of having to file an estimated tax declaration.
 - 2) Example 2: A and B, husband and wife, are residents of Illinois and file a joint return. A is employed by F Company, a foreign corporation, and works at F's

office located in State X for an annual wage of \$15,000. F is not required to deduct and withhold an amount for Illinois tax from A's compensation even though A's compensation is subject to the Illinois income tax. Accordingly, A may be required to file a declaration of estimated tax. B is employed by an Illinois corporation and is paid compensation in Illinois of \$10,000 per year. B's compensation is subject to withholding for Illinois income tax. B may enter into an agreement with her employer to withhold an additional amount from her compensation to cover the amount of Illinois tax due on A's compensation. Thus, the withholding on B's compensation when credited against A and B's joint and several tax liability may eliminate the necessity for the filing of any declaration of estimated tax.